MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2015/2016

DMG5018 – MANAGEMENT ACCOUNTING 1

(For Diploma Students Only)

08 OCTOBER 2015
2.30 p.m. – 5.30 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of five (5) pages excluding the cover page.
2. There are FIVE (5) questions.
3. Answer ALL questions in the answer booklet provided.

QUESTION 1

Widuri Manufacturing Inc.'s accounting records reflect the following inventories:

	December 31, 2013	December 31, 2014
Raw materials inventory	RM210,000	RM60,000
Work in process inventory	168,000	180,000
Finished goods inventory	142,000	150,000

During 2014, Widuri purchased RM500,000 of raw materials. The company also incurred labor costs of RM320,000 (RM20,000 were indirect) and other manufacturing overhead totaling RM180,000. For the goods sold, the company paid RM50,000 shipping costs in order to send the goods to customer's warehouse.

INSTRUCTIONS

(a) Prepare the Cost of Goods Manufactured Schedule for Widuri Manufacturing for year 2014. (7 marks)

(b) Calculate the cost of goods sold amount. (3 marks)

(c) Explain the following terms:

i. Raw material (2 marks)

ii. Direct labor (2 marks)

iii. Work in process inventory (2 marks)

iv. Manufacturing overhead (2 marks)

v. Manufacturing costs (2 marks)

[TOTAL 20 MARKS]

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QUESTION 2

PART A

For each type of company, determine whether the company should use Job-order costing system or Process costing system. (3 marks)

1. Aircraft manufacturer
2. Flour mill manufacturer
3. Ship builder
4. Film maker
5. Professional lawyer
6. Paint manufacturer

PART B

Madeena Manufacturing Company uses a job order cost accounting system and keeps perpetual inventory records. The company applies overhead cost to jobs on the basis of machine-hours. At the beginning of the year, it was estimated that the company would work 200,000 machine-hours and incur RM1,200,000 in manufacturing overhead costs.

Jan 1	Purchased raw material for RM25,000 on account.
5	Raw materials used by production: Direct materials RM12,000 Indirect materials RM7,000
18	Paid factory utilities, RM4,000 and factory maintenance, RM8,000.
25	Incurred RM82,000 of factory labor. The time ticket indicate the following: Direct labor (5,000 x RM13 per hour) RM65,000 Indirect labor (1,700 x RM10 per hour) RM17,000
27	Applied manufacturing overhead to production based on 7,500 machine-hours actually worked during the month.
28	Goods costing RM100,000 were completed in the factory and were transferred to finished goods
30	Goods costing RM60,000 were sold on account for 40% above costs.

INSTRUCTIONS

(a) Calculate the predetermine overhead rate for the year. (2 marks)

(b) Prepare journal entries to record the transactions during the month of January. (10 marks)

(c) What is the amount of over- underapplied overhead? (3 marks)

(d) How much does Finished Goods Inventory account has at the end of January? (2 marks)

[TOTAL 20 MARKS]

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QUESTION 3

The Painting Department of Kitro Company has the following production and manufacturing costs data for May 2015. All materials are added at the beginning of the process.

Manufacturing costs

Beginning work in process:		
Materials	RM16,000	
Conversion costs	13,400	
Total		RM29,400
Materials		21,200
Labor		18,800
Overhead		20,900
Total manufacturing costs		RM90,300

Production data

Beginning work in process (material 90% complete, conversion costs 60% complete)	12,000 units
Units transferred out	52,000
Units started	50,000
Ending work in process (material 100% complete, conversion costs 70% complete)	10,000 units

INSTRUCTIONS

(a) What is meant by the term "equivalent units of production" in the Process costing system? (2 marks)

(b) Prepare the Production Cost Report for the company. (18 marks)

[TOTAL 20 MARKS]

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QUESTION 4

PART A

Costs for materials and utilities for Fara Company for first quarter of operations are shown below:

Name of cost	Months	Amount	Unit produced
Raw material	January	RM175,000	35,000
	February	RM250,000	50,000
	March	RM400,000	80,000
Utilities	January	RM100,250	35,000
	February	RM144,000	50,000
	March	RM228,500	80,000

For any mixed costs, Fara Company used high-low method to determine variable and fixed costs.

INSTRUCTIONS

(a) Determine the behaviour of cost for raw materials and utilities. (2 marks)

(b) Calculate the variable cost per unit for raw material and utilities. (4 marks)

(c) Calculate the utilities cost if the company produced 45,000 units. (4 marks)

PART B

Kirby Company had a net loss RM60,000 in 2014 when the selling price per unit was RM22, the variable costs per unit were RM16, and the fixed costs were RM600,000. Management expects per unit data and total fixed costs to be the same in 2015. Management has set a goal of earning net income of RM120,000 in 2015.

INSTRUCTIONS

(a) Compute the units sold in 2014. (3 marks)

(b) Compute the number of units that would have to be sold in 2015 to reach management's desired net income level. (3 marks)

(c) Assume that Kirby Company sells the same number of units in 2015 as it did in 2014. What would the selling price have to be in order to reach the target net income? (4 marks)

[TOTAL 20 MARKS]

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QUESTION 5

Clicks Corporations produces a single product. Data concerning the company's operations for 2014 were as follows:

Units in finished goods inventory, beginning	-0-
Finished goods produced	12,000 units
Finished goods sold	10,000 units
Selling price per unit	RM80
Variable costs per unit:	
Direct materials	RM20
Direct labor	RM10
Variable manufacturing overhead	RM5
Variable selling and administrative	RM2
Fixed costs in total:	
Fixed manufacturing overhead	RM144,000
Fixed selling and administrative	RM60,000

INSTRUCTIONS

(a) Explain the difference between absorption costing and variable costing. (2 marks)

(b) Distinguish between variable and fixed costs. (3 marks)

(c) Compute the unit product cost under absorption and variable costing. (5 marks)

(d) Prepare the Statement of Comprehensive Income using variable costing. (10 marks)

[TOTAL 20 MARKS]

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